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BEFORE THE ARIZONA CORPORATION

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Arizona Corporation Commission

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AZ CORP COMMISSION
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JUL 26 A 8:18

IN THE MATTER OF THE APPLICATION OF
BLACK MOUNTAIN SEWER CORPORATION,
AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE OF
ITS UTILITY PLANT AND PROPERTY AND
FOR INCREASES IN ITS RATES AND
CHARGES FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO. SW-02361A-05-0657

**STAFF'S POST-HEARING
RECOMMENDATIONS**

A hearing in the above captioned matter was held on June 7, 8, 9 and 20 of 2006. During the hearing, witness Ms. Crystal Brown provided testimony on behalf of the Staff of the Arizona Corporation Commission ("Staff"). Ms. Brown based several of her recommendations on the fact that the Company did not provide source documentation during discovery. Black Mountain Sewer Corporation (the "Company") offered to provide the source documentation as soon as possible. Staff also agreed to review its recommendations based on any documentation provided by the Company. The Company provided source documentation on June 22, 2006.


Staff reviewed the documentation and has changed several of its recommendations. Staff updated its schedules to reflect the new recommendations. Staff will provide electronic copies of the updated schedules to the parties with this filing. It will then include its final schedules with its closing briefs at the same time the other parties file their final schedules. Staff's changed recommendations and adjustments to its schedules are:

1. Added \$339,833 in plant-in-service to reflect changes in Staff's recommended CIAC balance.
2. Reclassified \$150,096 in expired AIAC from AIAC to CIAC.

3. Reduced accumulated depreciation by \$19,539 for retired plant which was replaced by PTY plant.
4. Removed \$15,711 of accumulated depreciation related to affiliate plant for which Staff recommends a disallowance.
5. Reduced amortization of CIAC by \$489,543 for AIAC that was reclassified to CIAC.

The above adjustments reflecting Staff's changed recommendations are explained in notes on Brief Schedules CSB-0b, CSB-0c, and CSB-8a, page 3 of 4.

RESPECTFULLY SUBMITTED this 26th day of July, 2006.


Keith Layton, Attorney
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
Attorney for Staff

Original and thirteen copies filed
this 26th day of July, 2006 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Copies of the foregoing were mailed
on this 26th day of July, 2006 to:

Jay Shapiro
Patrick J. Black
Fennemore Craig, P.C.
3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012
Attorneys for Black Mountain Sewer Company

Scott S. Wakefield, Chief Counsel
RUCO
1110 West Washington Street, Suite 220
Phoenix, Arizona 85007
Attorneys for Residential Utility Consumer Office

1 Robert E. Williams
2 Post Office Box 2037
3 Carefree, Arizona 85377

4 M.M. Shirtzinger
5 14773 North Indian Camp Trail
6 Scottsdale, Arizona 85262

7 Thomas K. Chenal
8 Mohr, Hackett, et al.
9 7047 East Greenway Parkway, Suite 155
10 Scottsdale, Arizona 85254

11 Kayn Chustene
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